GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3636
ANSWERED ON:27.04.2007
FISCAL DEFICIT
Basu Shri Anil;Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

(a) the combined fiscal deficit of the Union Government and State Governments;

(b) whether the World Bank has directed the Government to bring down the fiscal deficit in the Government budgets;

(c) if so, the reaction of the Government thereof;

(d) whether the Government has evolved any policy to cut fiscal deficit; and

(e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): The Combined Fiscal deficit of Union Government and State Governments is as given below:

Year	Fiscal Deficit	
	Rs. crore	As per cent of GDP
2002-03	234,987	9.6
2003-04	234,502	8.5
2004-05	234,721	7.5
2005-06(RE)	263,105	7.4
2006-07(BE)	260,803	6.4

Source: Reserve Bank of India

(b): No Sir.

(c): In view of reply to part (b) above, does not arise.

(d) & (e): Government has enacted the Fiscal Responsibility and Budget Management Act, 2003 which envisage an annual reduction of at least 0.3 percentage points in fiscal deficit and 0.5 percentage points in revenue deficit. The law mandates the Central Government to eliminate its revenue deficit and reduce fiscal deficit to not more than 3 per cent of GDP by 31st March, 2009.